



For Immediate Release: Thursday, December 30, 2004
Contact: Rose Lynch (608) 266-6753

Work Opportunity and Welfare to Work Tax Credits Again Available to Employers

Madison – Department of Workforce Development Secretary Roberta Gassman today reminded employers of two federal tax credits available for employers who hire new employees from targeted employment groups.

Employers can save up to \$2,400 each time they hire someone who is a member of one of eight targeted groups under the Work Opportunity Tax Credit (WOTC). Additionally, employers may save up to \$8,500, over a two-year period, with the Welfare to Work Tax Credit (WtW) if they hire long-term welfare recipients.

The WOTC and WtW tax credit programs had expired on December 31, 2003. However, Congress passed the "Working Families Tax Relief Act of 2004" and the bill was signed on October 4, 2004. This legislation contains a two-year extension of the WOTC and the WtW through December 31, 2005. This reauthorization is retroactive to December 31, 2003 and applies to new hires that began work for an employer after December 31, 2003 but before January 1, 2006.

All qualifying employers who have submitted Form 8850 to DWD within 21 days of an employee's start date are eligible for retroactive certification. DWD issued 5,773 tax credit certifications retroactively for employers who had pending applications while the tax credits were suspended. Employers with new hires from the targeted groups can access Form 8850 on-line at <http://www.irs.gov/pub/irs-pdf/f8850.pdf>.

The WOTC/WtW tax credits are incentives for private sector for-profit employers to hire and retain economically disadvantaged individuals with significant barriers to employment, who are members of specific target groups including long-term welfare recipients and veterans. The employer makes the hiring decisions and there is no limit to the number of new hires. There is minimal paperwork needed to claim the tax credits. Employers may receive up to \$8,500 in potential tax credits per new hire. The credits are applied to taxes due to the Internal Revenue Service and unused tax credits may be carried 1 year back and 20 years forward.

The new employee must belong to one of the following nine target groups:

- **IV-A Recipients:** a member of a family who has received or is receiving Temporary Assistance to Needy Families (TANF) or Aid to Families with Dependent Children (AFDC) or Wisconsin Works (W-2). The employee must have received benefits for at least 9 of the last 18 months ending on the hiring date.

- **Veterans:** a veteran who is a member of a family receiving assistance under the Food Stamp program for at least a 3-month period during within the last 15-months period ending on the hiring date.
- **Ex-Felons:** convicted of a state or federal felony or released from prison for a felony; and, hired within one year of the conviction or release date; and, a member of a low-income family.
- **High Risk Youth:** an 18-24 year-old resident of a federally designated Enterprise Community (Northwoods Nijii – Lac du Flambeau, Mole Lake and Menominee Indian Reservations) or Renewal Community (Milwaukee). Credit is for wages earned while the youth resides in the Enterprise or Renewal Community.
- **Vocational Rehabilitation Referrals:** has a disability serious enough to be a barrier to employment and is referred to an employer upon completion of or while receiving rehabilitation services under a state rehabilitation plan or a program approved by the Department of Veterans Affairs. Services may have been received up to two years before the hire date.
- **Summer Youth:** a 16-17 year old resident of a federally designated Enterprise Community or Renewal Community. Credit is for wages earned for up to 90 days between May 1 and September 15 and while the youth resides in the Enterprise or Renewal Community.
- **Food Stamp Recipients:** 18-24 years old and a member of a family that has received food stamps for the last 6 months or received food stamps for at least 3 of the last 5 months, but is no longer eligible to receive them.
- **Supplemental Security Income (SSI) Recipients:** an individual who received SSI benefits for any month within the last 60 days ending on the hire date.
- **Long-term family assistance recipient:** a member of a family who received Temporary Assistance for Needy Families (TANF) for at least 18 consecutive months ending on the hiring date; or, member of a family whose TANF eligibility expired under federal or state law after August 5, 1997; or, whose family received TANF for at least 18 months after August 5, 1997.

For more assistance, information on how to apply and access to forms, contact your local job center and/or visit our website at: <http://dwd.wisconsin.gov/dws/bjs/taxcredit>

A listing of local job center WOTC/WtW staff is also available at this site.

-- end --